

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA San Diego, California

***United States Attorney
Carol C. Lam***

For Further Information, Contact: Assistant U.S. Attorney John J. Rice (619) 557-5141

For Immediate Release

NEWS RELEASE SUMMARY - August 20, 2004

United States Attorney Carol C. Lam announced today that a federal grand jury sitting in San Diego has returned an indictment charging Lawrence “Larry” D. Remer, a San Diego political consultant, and Serafin A. Zasueta, former president of Southwestern College, with wire fraud and theft offenses relating to the illegal use of state educational funds to pay for a video commercial supporting a Southwestern College bond campaign. The four-count indictment charges both defendants with conspiracy to commit wire fraud and theft concerning a program receiving federal funds; two counts of substantive wire fraud; and one count of theft concerning a program receiving federal funds.

According to the indictment, Remer and Zasueta conspired to defraud Southwestern College of public funds in connection with the campaign for the passage of Proposition AA. Proposition AA was an \$89 million bond measure for Southwestern College that was approved by voters in November 2000. California Education Code Section 7054 provides that “no school district or community college district funds . . . shall be used for the purpose of urging the support or defeat of any ballot measure.”

According to Assistant U.S. Attorney John J. Rice, who is prosecuting the case, the indictment alleges that a special committee, Friends of Southwestern College, was formed to raise and spend money for the passage of Proposition AA. The two principal officers of Friends of Southwestern College were employed by Larry Remer and his company, The Primacy Group. Friends of Southwestern College raised approximately \$161,000, of which approximately \$32,000 was paid to The Primacy Group and another Remer company, P.G. Printing and Graphics, for consulting fees and various other charges. The Primacy Group hired a firm called Murphy Putnam Media to produce a television commercial for the Proposition AA campaign.

The indictment alleges that in order to pay \$5,890.47 to Murphy Putnam Media for production costs for the Proposition AA commercial, Remer asked Murphy Putnam Media to submit a fraudulent invoice to Southwestern College in that amount. According to the indictment, Remer instructed Murphy to submit the invoice for “dubs and commercial footage” of the commercial instead of production costs, thereby enabling “public funds” to be used to pay for the production costs. The indictment alleges that Remer and Zasueta then arranged to have the invoice paid with Southwestern College funds by fraudulently representing that the invoice was for copies of videotapes. Subsequently, when Southwestern College began to investigate the propriety of the payment, Remer and Zasueta fraudulently claimed that the purchase of the tapes was legitimate and that the Friends of Southwestern College campaign had paid for all of the production costs of the Proposition AA commercial.

United States Attorney Lam said, “Allowing private parties to raid already scarce educational funds is simply unacceptable. These funds deserve to be protected, and we will protect them.”

The investigation was directed by Special Agents of the Federal Bureau of Investigation.

DEFENDANTS

LAWRENCE “LARRY” D. REMER

SERAFIN A. ZASUETA

SUMMARY OF CHARGES

Number of Defendants: 2

Count 1: Title 18, United States Code, Sections 371, 1343, 1346 and 666(a)(1)(A) -
Conspiracy to Commit Wire Fraud and Theft Concerning a Program Receiving Federal Funds
Maximum Penalties: Five years' imprisonment; \$250,000 fine; and 3 years' supervised release

Counts 2-3: Title 18, United States Code, Sections 1343 and 1346 - Wire Fraud
and Deprivation of Honest Services
Maximum Penalties: Five years' imprisonment; \$250,000 fine; and 3 years' supervised release

Count 4: Title 18, United States Code, Section 666(a)(1)(A) - Theft Concerning a
Program Receiving Federal Funds
Maximum Penalties: Ten years' imprisonment; \$250,000 fine; and 3 years' supervised release

AGENCY

Federal Bureau of Investigation

An indictment itself is not evidence that the defendants committed the crimes charged. The defendants are presumed innocent until the Government meets its burden in court of proving guilt beyond a reasonable doubt.